



CLEAN WATER ACTION

CONNECTICUT

Testimony of Roger Smith, Campaign Director, Clean Water Action Energy and Technology Committee March 16, 2010

Testimony on House Bill 5505: AN ACT CONCERNING ELECTRIC RATE RELIEF.

Clean Water Action is a national environmental non-profit dedicated to protecting human health with 25,000 Connecticut members.

Section 1: We support a discount rate for low income customers. While investments in our energy infrastructure are necessary to update our energy systems, reduce the impact of rising fossil fuel prices and meet our air quality and global warming pollution standards, the cost of the upgrades cannot be permitted to fall on those who are least able to afford it.

Section 31: Municipalities- we support language to clarify that municipalities can enter into energy saving performance contracts, as some towns are unclear as to whether they already have this ability under their general procurement power.

In addition to this provision, the state should follow the example of New York and other states and set standards for what can and can't be in a performance contract at the state level and pre-qualify contractors. Both of these are necessary to protect municipalities. There is model legislation at: <http://www.energyservicescoalition.org/espc/tools/practice02/index.html>

Section 32: An advantage of performance contracting is that it is not necessary to use ratepayer dollars for this purpose; towns can use municipal leases, bonding and other sources of finance. It is also all-fuel. If the utilities are allowed to do a pilot these aspects need to be studied.

Section 33: Electricity rates doubled in the last decade due to the combination of market rules which set the price based on the most expensive resource, rapidly rising fossil fuel prices, and periods of peak energy constraints. If done properly, renewables can displace the most expensive generators, reduce peaks and serve as a hedge against rising fossil fuel prices. This section should be amended to ask CEAB to develop scenarios for maximizing the benefit of renewable energy to ratepayers and recommending any changes to the legislature and DPUC. As drafted we do not support this section as it is overly broad and sets no standards by which the DPUC would determine what an "appropriate level" of renewable energy is. The broader IRP framework is preferable to having the DPUC only look at renewable energy. What is the "appropriate level" of fossil fuels or nuclear power? Where is the study to determine that?

Section 3: We **oppose this section** to require the CT Energy Advisory Board to study nuclear power as the CEAB already has authority to study this. This study makes no sense as the question of costs and benefits of nuclear power are unknowable until new reactors are built in other states. There is still no national radioactive waste repository. No reactor has gone through the complete order to construction process since the 1970s.

We suggest limited CEAB resources should be spent on energy technologies that can be implemented within the foreseeable future. While nuclear reactors are enormously capital-intensive and therefore attractive to a regulated utility, nuclear power is still handicapped by fundamental problems, including:

- High capital costs requiring substantial rate increases if built by a utility
- Lack of interest by private financiers
- Credit problems for utilities constructing plants
- Risk to ratepayers of utility cost overruns
- Storage of long-lived radioactive waste
- Plant security risks and the potential for a catastrophic radioactive release
- High water usage for cooling
- Siting difficulties

Section 29: We support additional consumer protections regarding competitive electric retail suppliers and ask that Section 29 be expanded to ensure that the marketing of retail electric suppliers accurately describe the renewable energy benefits and content of their products. The Attorney General called for such protections on February 23rd:
<http://ctwatchdog.com/2010/02/23/renewable-energy-sources-ct-atty-gen-says-proof-needed>

The legislatively created CTCleanEnergyOptions program is audited by the DPUC. However customers are becoming confused as any retail electric supplier can say their product has more renewable energy content than required and subsequent environmental benefits *without* any oversight or audit by the Department of Public Utility Control. The DPUC only audits competitive suppliers for compliance with the mandatory Renewable Portfolio Standard.

This is increasingly a problem as companies including Viridian, ConEd Solutions and others are differentiating their energy products based in part on claimed environmental benefits.

This bill should be amended to require:

Full and Accurate Disclosure

- Suppliers must be required to disclose in a standardized format the amount of additional renewable energy credits they will purchase beyond what is required by law, where any additional renewable energy credits are being sourced from (what state or regional power pool), and the exact type or mix of renewable energy resource (wind, forest biomass, solar PV, etc.)
- Suppliers should only be able to advertise what they are buying for the customer *above and beyond* what is required by the state RPS. Until I filed a complaint, one supplier made green claims about the benefits of renewable energy they were forced to supply by law.
- Suppliers must report their renewable mixes to the DPUC and update the DPUC any time they change.

Reporting and Oversight

- Suppliers need to annually account for how many kWh their customers consumed for each and every renewable energy product they sell and demonstrate to the DPUC that they purchased and retired the appropriate quantity and type of RECs on their behalf.

To quote the Attorney General: "Whether they're buying brand name clothes or electricity, consumers deserve iron-clad certainty that they're getting what they paid for," Blumenthal said. "Environment-minded consumers must put blind faith in the retailer claims — believing and hoping that their electric companies are using renewable energy sources, but never knowing for sure. The DPUC should trust — but verify — company claims to deliver clean energy. The state has a moral and legal obligation to protect electric consumers from deceptive or false claims — particularly when consumers have no way of independently verifying these claims."